

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED
GOVERNMENT OF LAFAYETTE, LOUISIANA**

**ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

5/20/09

LAFAYETTE REGIONAL AIRPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

We have audited the accompanying financial statements of the business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2008, which collectively comprise the Airport's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Regional Airport's management. Our responsibility is to express opinions on these financial statements based on our audit.



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We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of December 31, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2009, on our consideration of the Lafayette Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Regional Airport's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Lafayette Regional Airport. The remaining supplementary information as listed in the table of contents is presented for purposes of additional analysis and is also not a required part of the financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 10, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) provides an overview of the Lafayette Regional Airport's activities and financial performance for the fiscal year ended December 31, 2008.

AIRPORT ACTIVITIES & HIGHLIGHTS

- ➔ Lafayette Regional Airport had its 4th best year on record. In 2008, the Lafayette Regional Airport's enplanements were 210,885 and deplanements were 209,091. Cargo operations also remained strong with over 28,172,788 lbs passing through the airport during 2008. Both passenger and cargo operations numbers were impacted by Hurricane Gustav, a nearly Category 3 storm that came ashore south of Lafayette on Labor Day, and Hurricane Ike, that hit 12 days later on the Louisiana/Texas coastlines.
- ➔ In June 2008, American Eagle upgraded service for Lafayette from SAAB to Regional Jets. American Eagle has also committed to adding a 4th daily flight to their route beginning in early January 2009. In addition, the Airport continues to work with other current carriers to bring additional jet service to the Airport. Also, in late 2008, Federal Express began basing a second aircraft at LRA.
- ➔ Louisiana Honor Air continued its Honor Air Flights from Lafayette to Washington D.C. during 2008 with four flights transporting over 400 World War II veterans to view the World War II Memorial.
- ➔ 2008 was the first full year that the Lafayette Regional Airport operated with only one FBO. During the year, fixed based operator, Lafayette Jet Center, dba Million Air, moved into and held a grand opening of their new facility. They also made investments to improve the exterior of Hangar 11.
- ➔ Construction of a new private investment corporate hangar was completed in 2008 by Bean Resources.
- ➔ Projects that were completed in 2008 include the construction of a parking lot at the new Million Air facility and the addition of mechanical gates 5A and 6. Significant renovations include the overlay of the Borman Drive parking lot, a complete resurfacing of the Airport Revenue generating Parking Lots, Terminal Public Restrooms, Airfield Electrical and Signage upgrade, and the strengthening, widening, and realignment of Taxiway Bravo. Several of these projects were funded through federal grants and passenger facility charges collected by the Airport.

- ➔ Several projects that were in progress at the end of 2008 include the preliminary design and environmental study for EMAS on Runway 4R/22L, as well as for improvements on the North General Aviation Apron, and the renovation of the old ARFF station for the relocation of the LAC staff offices. Also, ongoing was replacement of the Precision Approach Path Indicators, terminal expansion, and a 60,000 square yard Cargo Apron. These projects are designed to improve the overall safety and the capacity of the airport.
- ➔ New management began operating the Airport Restaurant in mid-September.

FINANCIAL HIGHLIGHTS

- ➔ Operating Revenues fell by 4% from \$7.6 million to \$7.3 million due in large part to declines in PFC Revenues and Fuel flowage fees. These declines were countered some by growth in rental revenues that increased by 11.1%.
- ➔ Operating Expenses increased by 11% from \$8.9 million to \$9.9 million due primarily to an increase in repair and maintenance costs.
- ➔ Non-Operating Income (Expenses), excluding capital grants reported as income, changed from a net income of \$2,171,292 in 2007 to a net income of \$2,505,742 in 2008. This category reports the increase in ad valorem taxes collected in the current year as well as a decrease in interest income.
- ➔ Net assets of our business-type activity increased by approximately \$2,899,048, or 18.0 percent.
- ➔ Additional funding for Airport operations is received through ad valorem tax revenue. In 2008 the Airport received approximately \$2.3 million in revenues, compared to \$2.0 in 2007. This increase is due to higher assessed property values as compared with the prior year.
- ➔ Capital grants, funds, and contributions received in 2008 were \$2,978,452 compared to \$1,539,016 in 2007. These grants are directly related to the various Airport Improvement Program grants which are funded at the federal and state level and fluctuate from year to year dependent upon the funding and schedules of the Airport's capital projects.

USING THIS REPORT

This audit report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Airport as a whole and present a longer-term view of the Airport's finances. The Proprietary Fund financial statements also report the Airport's operations in more detail than the government wide statements.

Reporting the Airport as a Whole

The Statement of Net Assets and the Statement of Activities report information about the Airport as a whole and about its activities in a way that helps answer the question “Is the Airport as a whole better or worse off as a result of the year’s activities?” These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Airport’s net assets and changes in them. Net assets (the difference between assets and liabilities) are one way to measure the Airport’s financial health, or financial position. Over time, increases or decreases in the Airport’s net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Airport’s property tax base and millage rates, as well as capital grant awards, to assess the overall health of the Airport.

In the Statement of Net Assets and the Statement of Activities, we report the Airport by activity. The Airport’s only operation is that of Airport Services which represents the fees charged to customers to help cover most of the cost of the services provided. The property tax revenue is also reported in this fund since it is dedicated to the operations and maintenance of the Airport.

Reporting the Airport’s Significant Funds

At the recommendation of the Louisiana Legislative Auditor’s Office, the Airport dissolved the General Fund at the beginning of the 2007 fiscal year. The revenues and expenditures that were previously reported within the General Fund are now included in the Proprietary Fund financial statements. Following is a description of the Proprietary Fund:

- Proprietary Fund - When the Airport charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The Airport’s proprietary fund is the same as the business type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

THE AIRPORT AS A WHOLE

The Airport’s net assets increased in the current year, from \$77.78 million to \$80.68 million. This increase is due to the business-type activities, which accounts for the operations of the Airport. The increase is due to the growth in the invested in capital assets net of related debt category of \$1,290,197 as well as the increase in unrestricted net assets of \$2,152,096. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Airport’s business-type activities.

CAPITAL ASSET AND LONG-TERM DEBT

Capital Assets

At the end of December 31, 2008, the Airport had \$66.5 million invested in capital assets, net of related debt, including all equipment, land and buildings. This represents a net increase of \$1.3 million, or 2.0 percent, over last year.

During 2008, the airport expended \$5.014 million on capital activities. This included \$4.6 million toward capital projects: Taxiway Bravo straightening and widening Phase III, airfield electrical restoration, interim improvements to Runway 4R/22L, EMAS preliminary design of Runway 4R/22L, construction of the new Cargo Facility Apron, and renovation of the old ARFF station for the LAC office staff relocation. Other acquisitions and improvements for 2008 included the following: construction of the Million Air parking lot, overlay of the Borman Drive parking lot, a complete resurfacing of the Airport Revenue generating Parking Lots, Terminal Public Restrooms, two operations vehicles and an upgrade to the control tower HVAC system.

Acquisitions and improvements are funded using a variety of financing methods, including Federal grants with matching State grants, passenger facility charges, debt issuance, and Airport revenues.

Debt

At the end of 2008, the Airport had \$1.45 million in taxable and nontaxable bonds outstanding. Scheduled bond payments for the year consisted of principal payments of \$540,000 and interest payments of \$63,716.88.

Table 1
NET ASSETS

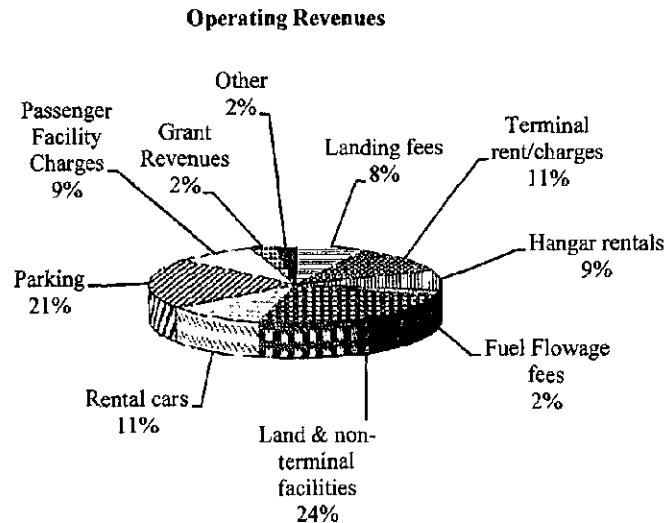
	Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues				
Program revenues:				
Charges for services	\$ 7,106,398	\$ 7,399,332	\$ 7,106,398	\$ 7,399,332
Operating grants	204,172	239,206	204,172	239,206
Capital grants and Contributions	2,978,452	1,539,016	2,978,452	1,539,016
General revenues:				
Property taxes	2,338,763	2,013,046	2,338,763	2,013,046
State revenue sharing	15,707	43,053	15,707	43,053
Investment earnings	235,385	426,100	235,385	426,100
Gain on sale of assets	11,519	12,518	11,519	12,518
Other general revenues	-	645	-	645
Total revenues	<u>12,890,396</u>	<u>11,672,916</u>	<u>12,890,396</u>	<u>11,672,916</u>
Program expenses				
Administration	1,285,876	1,256,550	1,285,876	1,256,550
Telephones & Utilities	391,603	336,463	391,603	336,463
Supplies & Materials	67,451	61,244	67,451	61,244
Repairs & Maintenance	1,086,404	855,071	1,086,404	855,071
Security	766,366	756,528	766,366	756,528
ARFF	592,088	596,833	592,088	596,833
Professional Fees	443,774	457,189	443,774	457,189
Insurance	366,889	375,222	366,889	375,222
Contractual Services	628,342	617,470	628,342	617,470
Depreciation	4,266,923	3,588,204	4,266,923	3,588,204
Interest Expense	95,632	178,653	95,632	178,653
Bad Debt Expense	-	74,832	-	74,832
Assessor's Pension	-	70,585	-	70,585
Total expenses	<u>9,991,348</u>	<u>9,224,844</u>	<u>9,991,348</u>	<u>9,224,844</u>
Increase in Net Assets	<u>\$ 2,899,048</u>	<u>\$ 2,448,072</u>	<u>\$ 2,899,048</u>	<u>\$ 2,448,072</u>

Table 2
CHANGES IN NET ASSETS

	Business-type Activities		Total Primary Government	
	2008	2007	2008	2007
ASSETS:				
Current assets	\$ 14,436,368	\$ 12,501,222	\$ 14,436,368	\$ 12,501,222
Capital assets	67,878,108	67,133,587	67,878,108	67,133,587
Non-current assets	1,062,784	1,656,700	1,062,784	1,656,700
TOTAL ASSETS	\$ 83,377,260	\$ 81,291,509	\$ 83,377,260	\$ 81,291,509
LIABILITIES:				
Long-Term Debt Outstanding	\$ 892,500	\$ 1,455,000	\$ 892,500	\$ 1,455,000
Other Liabilities	1,805,123	2,055,920	1,805,123	2,055,920
Total Liabilities	2,697,623	3,510,920	2,697,623	3,510,920
NET ASSETS:				
Invested in capital assets, net of debt	66,518,840	65,228,643	66,518,840	65,228,643
Restricted	646,211	1,189,456	646,211	1,189,456
Unrestricted	13,514,586	11,362,490	13,514,586	11,362,490
Total Net Assets	80,679,637	77,780,589	80,679,637	77,780,589
TOTAL LIABILITIES AND NET ASSETS	\$ 83,377,260	\$ 81,291,509	\$ 83,377,260	\$ 81,291,509

Table 3
REVENUES

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the year ended December 31, 2008 and December 31, 2007:



Operating Revenues:

	2008	2007	Increase (Decrease) from 2007	Percent Increase (Decrease)
Landing fees	\$ 567,026	\$ 574,831	\$ (7,805)	-1.4%
Terminal rent/charges	828,493	754,350	74,143	9.8%
Hangar rentals	620,516	557,316	63,200	11.3%
Fuel Flowage fees	154,097	273,444	(119,347)	-43.6%
Land & non-terminal facilities	1,784,450	1,598,587	185,863	11.6%
Rental cars	804,434	898,726	(94,292)	-10.5%
Parking	1,538,053	1,547,993	(9,940)	-0.6%
Passenger Facility Charges	640,221	1,019,373	(379,152)	-37.2%
Grant Revenues	204,172	239,206	(35,034)	-14.6%
Other	169,108	174,712	(5,604)	-3.2%
Total Operating Revenues	7,310,570	7,638,538	(327,968)	

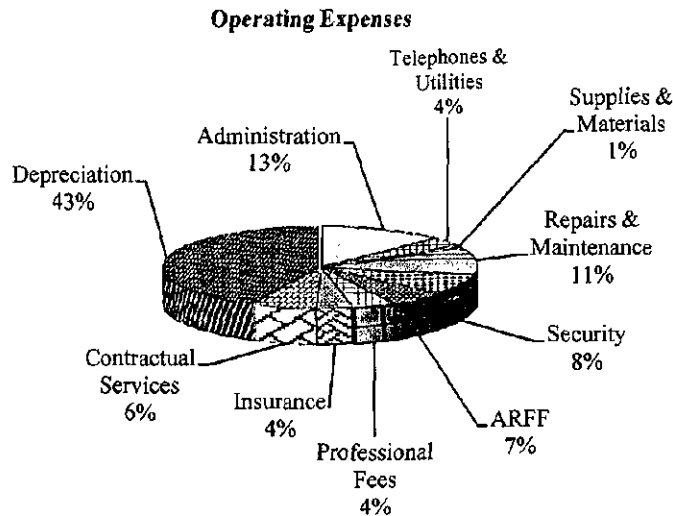
Non-Operating Revenues:

Interest Income	235,385	426,100	(190,715)	-44.8%
Insurance Proceeds	-	645	(645)	-100.0%
Proceeds from Sale of Assets	11,519	12,518	(999)	-8.0%
Operation & Maintenance Tax	2,354,470	2,056,099	298,371	14.5%
Capital Grants and Contributions	2,978,452	1,539,016	1,439,436	93.5%
Total Non-Operating Revenues	5,579,826	4,034,378	1,545,448	

TOTAL REVENUES	\$ 12,890,396	\$ 11,672,916	\$ 1,217,480	
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Table 4
EXPENSES

The following chart shows the major sources and percentage of operating revenues of the proprietary fund for the year ended December 31, 2008 and December 31, 2007:



Operating Expenses:

	2008	2007	Increase (Decrease) from 2007	Percent Increase (Decrease)
Administration	\$ 1,285,876	\$ 1,256,550	\$ 29,326	2.3%
Telephones & Utilities	391,603	336,463	55,140	16.4%
Supplies & Materials	67,451	61,244	6,207	10.1%
Repairs & Maintenance	1,086,404	855,071	231,333	27.1%
Security	766,366	756,528	9,838	1.3%
Arff	592,088	596,833	(4,745)	-0.8%
Professional Fees	443,774	457,189	(13,415)	-2.9%
Insurance	366,889	375,222	(8,333)	-2.2%
Contractual Services	628,342	617,470	10,872	1.8%
Depreciation	4,266,923	3,588,204	678,719	18.9%
Total Operating Expenses	9,895,716	8,900,774	994,942	

Non-Operating Expenses:

Interest expense	95,632	178,653	(83,021)	-46.5%
Bad debt expense	-	74,832	(74,832)	-100.0%
Assessor's pension	-	70,585	(70,585)	-100.0%

Total Non-Operating Expenses	95,632	324,070	(228,438)	
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TOTAL EXPENSES	\$ 9,991,348	\$ 9,224,844	\$ 766,504	
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ECONOMIC FACTORS

The business-type activities will see changes due to economic factors as well as continued capital improvements funded by various grants. Several of the economic factors considered in the budgetary process were:

- ➔ The economic environment of the airline industry as a whole including the continued increase in the cost of fuel.
- ➔ Consumer price index adjustments, which allows for increases in rental charges to tenants of the Airport.
- ➔ Escalating costs of operations including insurance, security, and other contractual services.

REQUEST FOR INFORMATION

This financial report is written to provide a general overview of the Lafayette Regional Airport's financial position for all interested parties and to show the Airport's accountability for the money it receives. Questions concerning any of the information in the report should be addressed in writing to the Financial Officer, Lafayette Regional Airport, 200 Terminal Drive, Lafayette, LA 70508.

STATEMENT OF NET ASSETS
DECEMBER 31, 2008

The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF NET ASSETS
DECEMBER 31, 2008

**BUSINESS-
TYPE
ACTIVITIES**

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Accounts Payable	\$ 773,514
Accrued Expenses	80,127
Deferred Tax Revenue	280,509
Security Deposits	2,500
Current Portion-Long Term Debt	<u>565,000</u>

Total Current Liabilities	<u>1,752,073</u>
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Noncurrent Liabilities

Bonds Payable, Less Current Maturities	892,500
Accrued Compensated Absences	<u>53,050</u>

Total Noncurrent Liabilities	<u>945,550</u>
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TOTAL LIABILITIES	<u>2,697,623</u>
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NET ASSETS

Invested in Capital Assets, Net of Related

Debt	66,518,840
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Restricted for:

PFC Projects	646,211
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Unrestricted	<u>13,514,586</u>
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TOTAL NET ASSETS	<u>80,679,637</u>
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TOTAL LIABILITIES
AND NET ASSETS

\$83,377,260

The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-type Activities
Business-type Activities					Total
Airport Services	9,991,348	7,106,398	204,172	2,978,452	297,674
Total Business-Type Activities	9,991,348	7,106,398	204,172	2,978,452	297,674
Total Primary Government	\$ 9,991,348	\$ 7,106,398	\$ 204,172	\$ 2,978,452	297,674
General Revenues:					
Property Taxes					2,338,763
State Revenue Sharing					15,707
Investment Earnings					235,385
Gain on Sale of Assets					11,519
Total general revenues					2,601,374
Change in Net Assets					2,899,048
Net Assets-Beginning					77,780,589
Net Assets-Ending					\$ 80,679,637

The Accompanying Notes are an Integral Part of These Statements.

FUND FINANCIAL STATEMENTS

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2008

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$11,026,722
Accounts Receivable, Net of Allowance of \$60,581	378,470
Ad Valorem Tax Receivable	1,356,527
Due From Sheriff	730,196
Grant Funds Receivable	709,378
Prepays	<u>235,075</u>
Total Current Assets	<u>14,436,368</u>

RESTRICTED ASSETS

Cash	
Grant Funds	377,635
PFC Funds	<u>646,574</u>
Total Restricted Assets	<u>1,024,209</u>

PROPERTY AND EQUIPMENT

Property and Equipment	115,097,175
Land	5,521,116
Construction in Progress	<u>10,661,016</u>
Total	131,279,307
Less: Accumulated Depreciation	<u>(63,401,199)</u>
Net Property and Equipment	<u>67,878,108</u>

OTHER ASSETS

Unamortized Debt Expense	<u>38,575</u>
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TOTAL ASSETS	<u>\$83,377,260</u>
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The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2008

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 773,514
Accrued Expenses	80,127
Deferred Tax Revenue	280,509
Deferred Revenue	50,423
Current Portion of Long-Term Debt	<u>565,000</u>

Total Current Liabilities 1,749,573

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Security Deposits	<u>2,500</u>
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Total Current Liabilities Payable From Restricted Assets 2,500

NON-CURRENT LIABILITIES

Bonds Payable, Less Current Maturities	892,500
Accrued Compensated Absences	<u>53,050</u>

Total Non-Current Liabilities 945,550

TOTAL LIABILITIES 2,697,623

NET ASSETS

Invested in Capital Assets, Net of Related Debt	66,518,840
Restricted for:	
PFC Projects	646,211
Unrestricted	<u>13,514,586</u>

TOTAL NET ASSETS 80,679,637

TOTAL LIABILITIES AND NET ASSETS \$83,377,260

The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

OPERATING REVENUES

Rentals	\$ 4,037,893
Commissions	154,097
Landing Fees	567,026
Parking Tolls	1,538,053
Passenger Facility Charges	640,221
Grant Revenues	204,172
Miscellaneous	<u>169,108</u>
Total Operating Revenues	<u>7,310,570</u>

OPERATING EXPENSES

Salaries and Costs of Employment	1,109,196
Supplies	67,451
Other Services and Charges	4,452,146
Depreciation	<u>4,266,923</u>
Total Operating Expenses	<u>9,895,716</u>

OPERATING LOSS	<u>(2,585,146)</u>
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NON-OPERATING REVENUES (EXPENSES)

Interest Income	235,385
Ad Valorem Tax Revenue	2,338,763
State Revenue Sharing	15,707
Interest Expense	(95,632)
Gain on Disposal of Fixed Assets	<u>11,519</u>
Total Non-Operating Revenues (Expenses)	<u>2,505,742</u>

Loss before Contributions and Transfers	(79,404)
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Capital Contributions	<u>2,978,452</u>
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INCREASE IN NET ASSETS	2,899,048
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NET ASSETS, BEGINNING	<u>77,780,589</u>
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NET ASSETS, ENDING	<u>\$ 80,679,637</u>
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The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Providing Services	\$ 7,354,734
Cash Paid to Suppliers	(5,100,193)
Cash Paid to Employees	<u>(1,097,679)</u>

Net Cash Provided by Operating Activities \$ 1,156,862

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Investments	740,762
Investment Interest Received	<u>240,015</u>

Net Cash Provided By Investing Activities 980,777

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Ad Valorem Tax Revenue	<u>2,226,402</u>
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Net Cash Provided By Non-Capital Financing Activities 2,226,402

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Capital Grants Received	3,205,948
Acquisition and Construction of Fixed Assets	(5,014,267)
Proceeds From Disposal of Fixed Assets	14,342
Principal Payments on Long-Term Debt	(540,000)
Interest Paid	<u>(87,783)</u>

Net Cash Used In Capital and Financing Activities (2,421,760)

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,942,281

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

(including \$1,610,276 in restricted cash) 10,108,650

CASH AND CASH EQUIVALENTS AT END OF YEAR

(including \$1,024,209 in restricted cash) \$ 12,050,931

The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF CASH FLOWS - continued
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating Loss	\$ (2,585,146)	
Adjustments to Reconcile Loss From Operations to Net Cash Provided By Operating Activities:		
Depreciation	4,266,923	
Changes in Assets and Liabilities:		
Accounts Receivable	(6,259)	
Prepaid Expenses	5,017	
Accounts Payable	(585,613)	
Accrued Expenses	8,062	
Deferred Revenue	50,423	
Accrued Compensated Absences	<u>3,455</u>	
Net Cash Provided By Operating Activities		<u>\$ 1,156,862</u>

The Accompanying Notes are an Integral Part of These Statements.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - Lafayette Regional Airport is a municipally owned, non-hub airport located on U. S. Highway 90 East in the City of Lafayette. The Airport provides passenger service through four regional carriers. The major source of revenue for the Airport is rentals on buildings, hangars, land, and terminal space.

The Airport is governed by a seven member, non-elected commission. Five members are appointed by the Lafayette Consolidated Government, one member is appointed by the Parish President, and one member is appointed by the mayors of the various municipalities surrounding Lafayette.

The Lafayette Regional Airport's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Airport has elected to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established in GAAP and used by the Airport are discussed below.

Basic Financial Statements - Government-Wide Statements - The Airport's basic financial statements include both government-wide (reporting the Airport as a whole) and fund financial statements (reporting the Airport's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Airport's operations are classified as a business-type activity.

In the government-wide Statement of Net Assets, the business-type activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Airport's net assets are reported in three parts--invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Airport first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Airport's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc).

The Airport does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Airport as an entity and the change in the Airport's net assets resulting from the current year's activities.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basic Financial Statements - Fund Financial Statements - The financial transactions of the Airport are reported in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund type is used by the Airport:

Proprietary Fund:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Airport:

Enterprise Fund - This type of fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of operating and maintaining the airport facilities on a continuing basis are financed through user charges.

Measurement Focus/Basis of Accounting - Fund Financial Statements - Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The proprietary fund is accounted for on a cost of service measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Basis of Accounting - Government-Wide Financial Statements - The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the government.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the Airport. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated to the programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting – Government-Wide Financial Statements - continued

Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expense identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Airport.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Separate financial statements are provided for the proprietary fund. The proprietary fund is the major fund of the Airport.

Revenues - Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Budgets and Budgetary Accounting - The Lafayette Regional Airport is required to adopt an annual budget. The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

The budget is formally adopted by the commission prior to the beginning of the fiscal year, and notices of its completion and availability are published. After its adoption, adjustments to the budget must be approved by resolution. All appropriations lapse at the end of the fiscal year.

Property and Equipment - Depreciation of all exhaustible fixed assets used by the Enterprise Fund is charged as an expense against operations. Accumulated depreciation is reported on the Enterprise Fund Balance Sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of fixed assets are as follows:

	<u>Years</u>
Hangars and Buildings	10 - 30
Runways and Navigation Aids	10 - 20
Service Roads and Parking	10 - 20
Other Permanent Improvements	10 - 20
Equipment	3 - 10
Lease Purchase Equipment	5

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment - continued

Land and other capital improvements acquired by the Airport prior to October 31, 1971, are stated at replacement cost as of that date, as historical cost information was not maintained prior to this time. Land acquisitions, which occurred prior to October 31, 1971, are stated at an estimated replacement cost of \$4,864,600, which approximates \$2,600 per acre. All capital improvements acquired prior to this date are fully depreciated, and, as such, have no remaining book value at the balance sheet dates. All subsequent asset purchases are stated at cost. The Airport has a policy in place which requires the capitalization of all asset purchases of \$1,000 or greater.

No asset values have been recorded for various improvements constructed by tenants at their own expense, which improvements will revert to the Airport at the expiration of the applicable leases.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items.

Restricted Assets - Proceeds from grant awards are classified as restricted assets on the Balance Sheet because their use is limited to capital acquisition and construction. The Airport records the liability for acting as trustee for security and bid deposits.

Compensated Absences - Employees of the Airport earn annual leave in amounts from 8 to 12 hours per month based on years of service. Annual leave may be carried forward provided the amount carried forward does not exceed two years of an employee's earned annual leave. Unused annual leave (in excess of what can be carried forward) shall be used or surrendered. Upon termination, employees are paid for all accumulated annual leave. This policy resulted in an accrual for compensated absences of \$53,050 at December 31, 2008.

Sick leave is credited to all classified employees at the rate of eight hours per month. All unused sick leave is carried forward from year to year. No payments are due for such accumulated sick leave upon termination or retirement. Therefore, no liability has been accrued in these financial statements.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Airport considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments - Under State law, the Airport may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other *federally insured investment*. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Custodial Credit Risk - Deposits and Investments – The Airport is exposed to custodial credit risk as it relates to their deposits and investments with financial institutions. The Airport's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Airport's name. Accordingly, the Airport had no custodial credit risk related to its deposits at December 31, 2008.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Post-Employment Benefits – As a component unit of the Consolidated Government of Lafayette, Louisiana, the Airport was required to implement GASB Statement No. 43 – Financial Reporting for Postemployment Benefit Plans Other Than Pensions for the year beginning January 1, 2006. The Airport does not offer any of these types of benefits to employees and therefore has no liability in relation to the implementation of the new statement.

(B) CASH AND INVESTMENTS

State laws authorize the government to invest in obligations of the U.S. Treasury, obligations guaranteed by the United States or any agency thereof, and bonds of this state or any subdivision of this state.

All bank balances of deposits and investments as of the Balance Sheet date are entirely insured or collateralized by securities held by the government's agent in the government's name.

Investments consist of Certificates of Deposit with maturity dates of greater than one year.

Interest Rate Risk – As a means of limiting its exposure to fair-value losses arising from rising interest rates, the Airport's investment policy limits the investment portfolio to maturities of less than one year.

Credit Risk/Concentration of Credit Risk – Because all investments of the Airport are time certificates of deposit, there is no credit risk or concentration of credit risk.

Cash included in the Statement of Cash Flows at December 31 is as follows:

	2008	2007
Petty Cash	\$ 400	\$ 400
Operating Account	10,966,665	8,451,842
PFC Account	646,574	1,189,456
Security Deposit Account	-	23,805
Reserve for Future Projects Account	59,657	46,132
Grant Account	377,635	397,015
Cash per Statement of Cash Flows	<u>\$ 12,050,931</u>	<u>\$ 10,108,650</u>

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(C) AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Government in early fall and are actually billed to the taxpayers by the Assessor in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Lafayette Parish Sheriff. The taxes are remitted to the Airport net of a deduction for Assessor's Pension Fund contributions.

That portion of the ad valorem taxes dedicated to operations and maintenance of the Airport was assessed to property owners in Lafayette Parish at 1.71 mills for 2008. On November 17, 2001, voters of Lafayette Parish approved renewal of the ad valorem tax through expiration of the tax in 2012.

(D) PASSENGER FACILITY CHARGE

During the 2004 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. Approval of this application occurred in February 2005. The FAA approved the collection and use of PFC revenues for specific projects commencing May 1, 2005. Under the terms of the agreement with the FAA, the Airport is allowed to charge a \$4.50 PFC per passenger, to generate maximum net cumulative revenues of \$1,967,250. During 2008, an amendment to this application was approved increasing the maximum net cumulative revenues to \$2,351,898. The FAA estimates that the charge expiration date will be April 1, 2008. The use of this revenue is restricted by the FAA for specific approved projects in the amount of \$2,351,898.

During the 2006 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. Approval of this application occurred in May 2006. The FAA approved the collection and use of PFC revenues for specific projects commencing February 1, 2007. Under the terms of the agreement with the FAA, the Airport is allowed to charge a \$4.50 PFC per passenger, to generate maximum net cumulative revenues of \$795,000. The FAA estimates that the charge expiration date will be May 1, 2008. During 2008, an amendment to this application was approved decreasing the maximum net cumulative revenues to \$756,165. The use of this revenue is restricted by the FAA for specific approved projects in the amount of \$756,165. The project funded with this application was completed in 2008.

During the 2008 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. Approval of this application occurred in May 2008. The FAA approved the collection and use of PFC revenues for specific projects commencing August 1, 2008. Under the terms of the agreement with the FAA, the Airport is allowed to charge a \$4.50 PFC per passenger, to generate maximum net cumulative revenues of \$3,950,000. The FAA estimates that the charge expiration date will be May 1, 2012. The use of this revenue is restricted by the FAA for specific approved projects in the amount of \$3,950,000.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(D) PASSENGER FACILITY CHARGE - continued

Additional projects to be funded by uncommitted PFC revenues will require FAA approval. The Airport has reserved a portion of its retained earnings for undisbursed PFC revenues. PFC revenues available to fund the specific projects were \$646,211 at December 31, 2008. This amount is shown on the face of the Statement of Net Assets as Reserved.

(E) GRANT FUNDS RECEIVABLE

The Airport is in the process of performing various airfield improvement projects with the assistance of federal and state funds. Grant funds receivable at December 31, 2008 consisted of the following:

Transportation Safety Administration- Security	\$ 64,381
Federal Emergency Management Agency	48,392
State Department of Transportation	19,113
FAA - AIP Project 30	78,020
FAA - AIP Project 31	214,885
FAA - AIP Project 32	57,655
FAA - AIP Project 33	226,932
Total Grant Funds Receivable	<u>\$ 709,378</u>

(F) RESTRICTED ASSETS

Proprietary Fund assets required to be held and/or used as specified in bond resolutions, grant agreements, or other contractual agreements have been reported as Restricted Assets. Restricted Assets at December 31, 2008, consisted of the following:

	Cash
Grant Funds	\$ 377,635
PFC Accounts	646,574
Total Restricted Assets	<u>\$ 1,024,209</u>

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(G) PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment:

	Beginning Balance 12/31/2007	Additions	Deletions	Ending Balance 12/31/2008
Hangers and Buildings	\$ 42,431,190	\$ 2,898,258	\$ -	\$ 45,329,448
Runways and Navigation Aids	44,215,896	191,128	-	44,407,024
Service Roads and Parking	5,574,913	581,322	-	6,156,235
Other Permanent Improvements	12,363,417	-	-	12,363,417
Equipment	5,047,794	359,060	(18,817)	5,388,037
Furniture and Fixtures	1,449,000	4,014	-	1,453,014
	<u>111,082,210</u>	<u>4,033,782</u>	<u>(18,817)</u>	<u>115,097,175</u>
Less: Accumulated Depreciation and Amortization	<u>(59,150,271)</u>	<u>(4,266,923)</u>	<u>15,995</u>	<u>(63,401,199)</u>
Net Property and Equipment	<u>\$ 51,931,939</u>	<u>\$ (233,141)</u>	<u>\$ (2,822)</u>	<u>\$ 51,695,976</u>
Land	<u>\$ 5,521,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,521,116</u>
Construction Work in Progress	<u>\$ 9,680,532</u>	<u>\$ 4,634,519</u>	<u>\$ (3,654,035)</u>	<u>\$ 10,661,016</u>

Depreciation expense for the year ended December 31, 2008 was \$4,266,923. The total expense was charged to Airport Services.

(H) DEFINED BENEFIT PENSION PLAN

All full-time employees of Lafayette Regional Airport participate in the Parochial Employees' Retirement System (PERS) of Louisiana, a multiple-employer, cost-sharing public employee retirement plan that was established by the Louisiana Legislature as of January 1, 1953 by Act 205 of 1952. The PERS was revised by Act 765 of 1979. The payroll for Airport employees covered by the PERS for the year ended December 31, 2008, was \$748,004.

All full-time Airport employees who work at least 28 hours a week and are under 60 years of age are members of the plan. Airport commissioners may enroll at their option. Members of the plan may retire with thirty years of creditable service regardless of age, with twenty-five years of service at age 55, and with ten years of service at age 60.

Benefit rates are one percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) plus \$2.00 per month for each year of service credited prior to January 1, 1980, and three percent of final compensation for each year of service after January 1, 1980.

**LAFAYETTE REGIONAL AIRPORT
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**NOTES TO FINANCIAL STATEMENTS
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(H) DEFINED BENEFIT PENSION PLAN - continued

The System also provides disability and survivor benefits. Benefits are established by State statute.

Covered employees are required to contribute 9.5 percent of their earnings to the plan. The Airport contributed 12.75 percent to the plan. The total contribution for the year ended December 31, 2008 was \$177,611, which consisted of \$101,790 from the Airport and \$75,821 from its employees. For the year ended December 31, 2007 the total contribution was \$175,607, which consisted of \$102,277 from the Airport and \$73,330 from its employees. For the year ended December 31, 2006 the total contribution was \$160,048, which consisted of \$91,713 from the Airport and \$68,335 from its employees. Contributions are also established by State statute.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers.

The total PERS pension benefit obligation was \$1,995,989,970 and the total PERS net assets available for benefits were \$2,027,214,660 as of December 31, 2007.

The PERS also publishes an annual financial report. The latest report for the year ended December 31, 2007 is available from Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898-4619.

(I) OPERATING LEASES

The Airport leases buildings, hangars, land and terminal space to a number of tenants. Due to the nature of those leases, they are all classified as operating leases. The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of December 31, 2008:

Year Ending December 31

2009	\$ 2,027,125
2010	1,980,954
2011	1,911,408
2012	1,824,491
2013	1,563,591
Thereafter	13,513,240
Total Minimum Future Rentals	<u>\$ 22,820,809</u>

Certain rentals included above relate to tenants with scheduled annual CPI adjustments. Those annual adjustments could not be determined. Therefore, the 2008 rents were used for all years.

**LAFAYETTE REGIONAL AIRPORT
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(J) LONG-TERM DEBT

In November 2003, the Airport issued Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2003C, dated November 11, 2003, due December 1, 2003 through July 1, 2011. The bonds are payable in monthly installments with fixed principal payments ranging from \$28,750 to \$40,417, bearing interest at a rate determined by the Remarketing Agent on a weekly basis, currently .97 percent per annum, secured by future revenues.

In December 2003, the Airport issued Louisiana Public Facilities Authority Equipment and Capital Facilities Pooled Loan Program Revenue Bonds, Series 2003B, dated December 18, 2003, due January 1, 2004 through July 1, 2011. The bonds are payable in monthly installments with fixed principal payments ranging from \$6,250 to \$9,167, bearing interest at a rate determined by the Remarketing Agent on a weekly basis, currently 1.75 percent per annum, secured by future revenues.

A summary of this debt is as follows:

	<u>Balance</u> <u>12/31/2007</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2008</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Bond Payable-Series 2003C	\$ 1,627,500	\$ -	\$ 437,500	\$ 1,190,000	\$ 460,000
Bond Payable-Series 2003B	<u>370,000</u>	<u>-</u>	<u>102,500</u>	<u>267,500</u>	<u>105,000</u>
	<u>\$ 1,997,500</u>	<u>\$ -</u>	<u>\$ 540,000</u>	<u>\$ 1,457,500</u>	<u>\$ 565,000</u>

Maturities of long-term debt are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 565,000	\$ 72,437	\$ 637,437
2010	585,000	37,927	622,927
2011	<u>307,500</u>	<u>5,517</u>	<u>313,017</u>
	<u>\$ 1,457,500</u>	<u>\$ 115,881</u>	<u>\$ 1,573,381</u>

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(K) LITIGATION

On January 20, 2008, the Airport filed a Petition for Lease Payments against a former tenant to recover unpaid rent, insurance premiums, utilities and fees. In response, the tenant filed a Reconventional Demand against the Airport demanding a refund of the fuel-flowage fees paid from 1988 through 2008.

On January 20, 2009, the court dismissed the Reconventional Demand and the Commission obtained a judgment against the former tenant in the amount of \$60,694 plus attorney fees, interest and court costs.

(L) RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport is insured to reduce the exposure to these risks.

(M) COMMITMENTS

On a continuing basis, the Airport enters into construction contracts for improvements to the Airport. At December 31, 2008, there are several ongoing projects for which contracts have been entered and work is in progress. The majority of the costs of these projects are being funded by Airport Improvement Program Grants through the Federal Aviation Administration and the State of Louisiana, Department of Transportation as well through Passenger Facility Charge Programs.

SUPPLEMENTARY INFORMATION

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

SCHEDULE OF EXPENSES - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Administrative	General Maintenance	Contractual Services	Total
SALARIES AND COSTS OF EMPLOYMENT				
Salaries	\$ 512,867	\$ 319,798	\$ -	\$ 832,665
Vacation Pay	(15,812)	20,474	-	4,662
Payroll Taxes	7,694	4,798	-	12,492
Group Insurance	79,665	75,805	-	155,470
Retirement Contributions	65,105	38,802	-	103,907
Total Personal Services	<u>\$ 649,519</u>	<u>\$ 459,677</u>	<u>\$ -</u>	<u>\$ 1,109,196</u>
SUPPLIES				
Supplies and Minor Equipment	<u>\$ 45,741</u>	<u>\$ 21,710</u>	<u>\$ -</u>	<u>\$ 67,451</u>
OTHER SERVICES AND CHARGES				
Advertising	\$ 172,309	\$ -	\$ -	\$ 172,309
Dues and Publications	31,306	-	-	31,306
Environmental Expenses	199,243	-	-	199,243
Fuel and Oil	271	53,331	8,284	61,886
Fly Lafayette Campaign	113,076	-	-	113,076
Insurance	207,760	159,129	-	366,889
Miscellaneous	4,509	96	-	4,605
Terminal Building Equipment Contract	-	-	77,619	77,619
Professional Fees	443,774	-	-	443,774
Repairs and Maintenance	14,233	326,962	40,858	382,053
Repairs and Maintenance-Leased Facilities		189,954		189,954
Telephone	21,005	24,655	-	45,660
Training	11,830	3,501	-	15,331
Travel	27,334	-	-	27,334
Public Relations	55,600	-	-	55,600
Uniforms	435	5,107	-	5,542
Utilities	92,551	253,392	-	345,943
Obstruction Clearing	-	13,390	-	13,390
Storm Water	-	26,860	-	26,860
Contracted Services -				
Janitorial	-	-	204,548	204,548
ARFF Services	-	-	592,088	592,088
Security	-	-	766,366	766,366
Parking Lot Management	-	-	297,033	297,033
ID Card System	6,211	-	-	6,211
Fuel Tank Maintenance Plan	-	7,526	-	7,526
Total Other Services and Charges	<u>\$ 1,401,447</u>	<u>\$ 1,063,903</u>	<u>\$ 1,986,796</u>	<u>\$ 4,452,146</u>

See Accountants' Report.

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Transportation				
Federal Aviation Administration				
Airport Improvement Projects	20.106	N/A	30	\$ 58,450
			31	1,066,706
			32	340,458
			33	1,345,651
U.S. Department of Homeland Security				
Passed through the State of Louisiana-				
Governor's Office of Homeland Security and				
Emergency Preparedness:				
Disaster Grants – Public Assistance	97.036	N/A	1786-DR-LA	<u>43,553</u>
				<u>\$2,854,818</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

* A PROFESSIONAL CORPORATION

JOE D. HUTCHINSON, CPA * +
M. TROY MOORE, CPA * +
MICHAEL G. DEHART, CPA, CVA, MBA * +

+ RETIRED

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

We have audited the financial statements of the business-type activities and the major fund of the Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2008, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated April 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.



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ABBY T. TRAHAN, CPA, MS

TINA B. VIATOR, CPA

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lafayette Regional Airport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Regional Airport's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Airport's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Airport's financial statements that is more than inconsequential will not be prevented or detected by the Airport's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatements of the financial statements will not be prevented or detected by the Lafayette Regional Airport's internal controls.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Regional Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management and the Board of Commissioners of Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 10, 2009

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Lafayette Airport Commission
Lafayette Parish, Louisiana

Compliance

We have audited the compliance of the Lafayette Regional Airport, a component unit of the Consolidated Government of Lafayette, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. Lafayette Regional Airport's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Lafayette Regional Airport's management. Our responsibility is to express an opinion on Lafayette Regional Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lafayette Regional Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lafayette Regional Airport's compliance with those requirements.

In our opinion, Lafayette Regional Airport complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

WMDDH

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Internal Control Over Compliance

The management of Lafayette Regional Airport is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lafayette Regional Airport's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Regional Airport's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Airport's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management and Board of Commissioners of the Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana, and the federal awarding agency and is not intended to be and should not be used by anyone other than those specified parties. Although the intended use of this report may be limited, reports issued in connection with an OMB Circular A-133 audit are a matter of public record.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
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Certified Public Accountants

April 10, 2009

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

We have audited the financial statements of the Lafayette Regional Airport, a component unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 2008, and have issued our report thereon dated April 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of December 31, 2008 resulted in an unqualified opinion.

Section I - Summary of Auditors' Results

A. FINANCIAL STATEMENTS

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Control Deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material Weakness	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---	------------------------------	--

B. FEDERAL AWARDS

Major Program Identification

The Lafayette Regional Airport at December 31, 2008, had one major program: Department of Transportation: Federal Aviation Administration-Airport Improvement Projects: CFDA Number 20.106.

Low-Risk Auditee

The Lafayette Regional Airport is considered a low-risk auditee for the year ended December 31, 2008.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2008.

Auditors' Report - Major Program

An unqualified opinion has been issued on the Lafayette Regional Airport's compliance for its major program as of and for the year ended December 31, 2008.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2008

Control Deficiencies - Major Program

There were no control deficiencies noted during the audit of the major federal program.

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its federal program.

Section II - Financial Statement Findings

There were no control deficiencies or instances of material noncompliance noted during the audit.

Section III – Federal Award Findings and Questioned Costs

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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+RETIRED

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

Compliance

We have audited the compliance of the Lafayette Regional Airport with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2008. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Lafayette Regional Airport's management. Our responsibility is to express an opinion on the Lafayette Regional Airport's compliance based on our audit.

WMDDH

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Lafayette Regional Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Lafayette Regional Airport's compliance with those requirements.

In our opinion, the Lafayette Regional Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Lafayette Regional Airport is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Lafayette Regional Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the passenger facility charge program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Airport's ability to administer the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of the passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, the Board of Commissioners of the Lafayette Regional Airport, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
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Certified Public Accountants

April 10, 2009

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

FOR THE YEAR ENDED DECEMBER 31, 2008

	Beginning Program Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Ending Program Total
<u>Revenue:</u>						
Collections	\$ 6,046,739	\$ 212,865	\$ 144,630	\$ 4,764	\$ 263,720	\$ 6,672,718
Interest	466,650	9,468	2,828	1,380	929	481,255
Total Revenue	6,513,389	222,333	147,458	6,144	264,649	7,153,973
<u>Disbursements:</u>						
Application 95-01-C-03-LFT (Closed)	933,024	-	-	-	-	933,024
Application 98-02-U-00-LFT (Closed)	150,000	-	-	-	-	150,000
Application 01-03-C-00-LFT (Closed)	2,273,692	-	-	-	-	2,273,692
Application 05-04-C-00-LFT:						
Project 1 - Administrative Costs	13,476	3,190	646	510	2,178	20,000
Project 2 - Rehabilitate Airfield Lighting Control System	995,000	-	-	-	-	995,000
Project 3 - Rehabilitate Taxiway Lighting	354,529	61,624	29,626	-	35,315	481,094
Project 4 - Replace Airfield Signage	329,446	56,119	20,391	-	45,264	451,220
Project 5 - Upgrade Airfield Electrical System	269,657	134,927	-	-	-	404,584
Total Application 05-04-C-00-LFT	1,962,108	255,860	50,663	510	82,757	2,351,898
Application 06-05-C-00-LFT: (Closed)						
Project 1-Airport Rescue and Fire Fighting Vehicle	-	726,165	-	-	-	726,165
Project 2 - Administrative Costs	5,109	24,891	-	-	-	30,000
Total Application 06-05-C-00-LFT	5,109	751,056	-	-	-	756,165
Application 08-06-C-00-LFT:						
Project 1-Airport Security System Upgrade	-	-	-	-	-	-
Project 2 - Replace PAPIs-Runways	-	-	-	-	34,200	34,200
Project 2 - Administrative Costs	-	-	3,200	5,220	-	8,420
Total Application 08-06-C-00-LFT	-	-	3,200	5,220	34,200	42,620
Total Disbursements	5,323,933	1,006,916	53,863	5,730	116,957	6,507,399
Net PFC Revenue	-	(784,583)	93,595	414	147,692	-
PFC Account Balance	\$ 1,189,456	\$ 404,873	\$ 498,468	\$ 498,882	\$ 646,574	\$ 646,574

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The above schedule was prepared on an accrual basis of accounting.

See Accountants' Report.

**LAFAYETTE REGIONAL AIRPORT
PASSENGER FACILITY CHARGE PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

A. SUMMARY OF AUDIT RESULTS

1. No material weaknesses were identified during the audit of the passenger facility charge program.
2. The auditors' report on compliance for the passenger facility charge program expresses an unqualified opinion.
3. There were no audit findings related to the passenger facility charge program.

B. FINDINGS AND QUESTIONED COSTS

NONE

**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA**

**Passenger Facility Charges Program Audit Summary
YEAR ENDED DECEMBER 31, 2008**

- | | | |
|--|-------------------------------------|-----------------------|
| 1. Type of report issued on PFC financial statements. | <u> X </u> Unqualified | <u> </u> Qualified |
| 2. Type of report on PFC compliance. | <u> X </u> Unqualified | <u> </u> Qualified |
| 3. Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts. | <u> X </u> Yes | <u> </u> No |
| 4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127. | <u> X </u> Yes | <u> </u> No |
| 5. The Public Agency maintains a separate financial accounting record for each application. | <u> X </u> Yes | <u> </u> No |
| 6. Funds disbursed were for PFC eligible items as identified in the FAA Decision to pay only for the allowable costs of the projects. | <u> X </u> Yes | <u> </u> No. |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports. | <u> X </u> Yes | <u> </u> No |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <u> X </u> Yes | <u> </u> No |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA. | <u> X </u> Yes | <u> </u> No. |
| 10. Quarterly Reports were transmitted (or available via website) to remitting carriers. | <u> X </u> Yes | <u> </u> No |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8. | <u> X </u> Yes | <u> </u> No |
| 12. Project design and implementation is carried out in accordance with Assurance 9. | <u> X </u> Yes | <u> </u> No |
| 13. Program administration is carried out in accordance with Assurance 10. | <u> X </u> Yes | <u> </u> No |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | <u> </u> Yes
<u> X </u> N/A | <u> </u> No |